

SK/AR.

File

APR 23 1955

MEMORANDUM FOR: Assistant Director for Research
and Reports

SUBJECT: Soviet Economic Penetration

See also,
on same
subject 25X1A
#42.738
(unclassified
for Congress)From
AD/AR
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1. It is requested that your office undertake a project concerning the nature and intent of Soviet economic penetration of the Free World. It is requested that your office initially undertake a survey of those areas outside the Soviet Bloc in which the Soviet Bloc countries give indications of making economic inroads, and, subsequently to make detailed analyses of Soviet economic penetrations into the specific areas of Soviet concentration.

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2. In recent months there have been several reports of Soviet Bloc efforts to provide technical assistance and equipment to non-Communist countries, such as the proposed Soviet steel mill to be erected in India and technical assistance provided Afghanistan. Active participation by the USSR and Satellites in trade fairs throughout the world has considerably increased, and the Soviet countries undertook an extensive trade agreement program during the latter part of 1953 and early 1954 calling for a considerable expansion of trade. There have been excellent individual reports on the Soviet trade offensive, and on other aspects of economic penetration, but there has been no analysis of where the Soviet Bloc appears to be making a concerted effort and the nature of this effort, with the exception of OHR/MP-120, Soviet Bloc Economic Penetration of Underdeveloped Countries, 12 April 1955. This report emphasizes the importance of Soviet activity in this field.

→ 3. What is essentially required is the answers to what the Soviets are doing specifically in the Free World, not discussions of the various tactics used, as these have already been adequately covered. As an example, it is well known that the Soviets are making severe inroads into Afghanistan, and it is also known in which projects they are specifically involved. These matters are not so clear for other countries of the Free World. Specific instances are known but there has never been a concerted and continuous effort to collate and analyze material relative to Soviet economic penetration of the Free World.

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Trading
Delinquencies*

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This Par is.

4. A secondary request which devolves from the over-all request calls for a continuation and extension of the work undertaken under OHR Project 42.638; IP 383. Although it is expected that some of this material will be unclassified, the sources for the above report are, to a large extent, classified, but whether classified or not, such material will be of value to this office. It would be appreciated if, in addition to the attention currently given to Soviet trading delinquencies, material would be prepared on evidences of lack of good faith on the part of the Soviets, variations from established business practices and ethics, difficulties in settling credit balances, difficulties encountered by private firms in dealing with the nationalized industries of the Bloc, and Communist use of trade channels as a propaganda medium. Instances of non-fulfillment of trade agreements or of reneging on contracts will be appreciated. In this context, analyses or collation of material on the strong debtor position which the Soviet Bloc and particularly the USSR has established would be most useful, as well as short falls in actual deliveries.

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